

**ALAN GREENSPAN SIGNALS 'USA INCORPORATED':  
THINGS ARE NOT ALL GOOD IN THE STATE OF AMERICA**

Share prices scooted up on most of Asia's major stock markets, last Monday, in expectations that the US Federal Reserve Board would reduce short-term interest rates in view of the state of the largest single economy of the world.

The Fed was due to convene a meeting of its governors, the coming Wednesday (October 7) in Washington D.C. and speculation was rife that the Discount Rate – that is the rate at which banks lend money overnight – would come down by another one quarter of a percentage point.

The Fed had held the Discount Rate stable for the previous 11 months, but it had not had any affect on the US economy, which is known to be spluttering to a halt.

(Please see last Wednesday's [TARGET Intelligence Report, Volume IV, Number 210](#), first report)

Japan's 3 stock markets, the largest in Asia, were closed, last Monday, for the holiday of Culture Day, while the stock markets of Singapore and Malaysia were shut tight for the Hindu festival of Deepavali.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Hang Seng Index, the key index of the Main Board of The Stock Exchange of Hongkong Ltd, shot up by about 3.33 percent, running back to 9,720.83 points.

The Total Turnover was, however, low, at about \$HK5.38 billion, with trading in the Ten Most Actives, being responsible for about 68 percent of the entire volume of activity of the day.

The ratio of gainers to losers was about 3.20:One.

The Ten Most Actives of the day were:

HSBC Holdings plc (Code: 5)	Up 1.75 percent to \$HK87.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 5.28 percent to \$HK19.95 per share
Hutchison Whampoa Ltd (Code: 13)	Up 4.77 percent to \$HK50.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 4.42 percent to \$HK50.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 5.83 percent to \$HK54.50 per share
Hang Seng Bank Ltd (Code: 11)	Up 2.39 percent to \$HK85.75 per share
CLP Holdings Ltd (Code: 2)	Unchanged at \$HK31.40 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 3.16 percent to \$HK8.15 per share

Henderson Land Development Company Ltd  
(Code:12)

Up 5.68 percent to \$HK25.10 per  
share

China Unicom Ltd (Code: 762)

Up 5.76 percent to \$HK5.05 per  
share

The double-digit movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Bestway International Holdings Ltd	718	11.76		0.019
Boto International Holdings Ltd	585	12.12		0.037
Can Do Holdings Ltd	172		16.67	0.025
Century Legend (Holdings) Ltd	79		12.50	0.014
Cheuk Nang (Holdings) Ltd	131	18.75		0.019
China Online (Bermuda) Ltd	383	10.00		0.033
China Sci-Tech Holdings Ltd	985	20.00		0.036
China Treasure (Greater China) Investments Ltd	810	12.90		0.35
Dickson Group Holdings Ltd	313	14.86		0.085
Digital World Holdings Ltd	109	21.88		0.195
Dynamic Global Holdings Ltd	231	13.04		0.052
Fu Cheong International Holdings Ltd	916	14.29		0.056
Fulbond Holdings Ltd	1041		10.71	0.025
Hansom Eastern (Holdings) Ltd	279		10.64	0.042
Harmony Asset Ltd	428	10.00		0.055
Lai Sun Development Company Ltd	488	11.11		0.07
Magician Industries (Holdings) Ltd	526	42.86		0.10
Neo-Tech Global Ltd	563		11.32	0.047
Orient Power Holdings Ltd	615	16.92		0.38
Sen Hong Resources Holdings Ltd	76	16.28		1.00
Star East Holdings Ltd	198		28.00	0.018
Starbow Holdings Ltd	397	64.00		0.041
Swank International Manufacturing Company Ltd	663	11.11		0.05
Wah Tak Fung Holdings Ltd	297		10.45	0.06
Wealthmark International (Holdings) Ltd	39	23.71		0.60
Winsan (China) Investment Group Company Ltd	85		22.22	0.049
Yau Lee Holdings Ltd	406		12.00	0.176
Zhongda International Holdings Ltd	909	11.54		0.232

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index rose by about 2.20 percent to 113.15 points on a Total Turnover of about \$HK79.25 million.

On this speculative marketplace, gainers outpaced losers by the ratio of 2:One, exactly.

Mr Li Ka Shing's 2 GEM listings remained the most-active counters, with the share prices of both CK Life Sciences International (Holdings) Incorporated (Code: 8222) and tom.com Ltd (Code: 8001), moving up smartly, during the trading day.

By the close of trading, the share price of CK Life Sciences was \$HK1.44, up about 4.35 percent, compared with the previous close on Friday, November 1, while the share price of tom.com ended the day at \$HK1.97, a gain of 5.91 percent on the previous close.

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Creative Energy Solutions Holdings Ltd	8109		12.73	0.192
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205	14.00		0.57
M Channel Corporation Ltd	8036	24.00		0.031
Media Partners International Holdings Incorporated	8072	10.00		0.22
MediaNation Incorporated	8160	13.07		0.199
MRC Holdings Ltd	8070		13.04	0.06
Yuxing InfoTech Holdings Ltd	8005	11.11		0.60

News wise, there was a great deal of speculation in respect of a suggested revised plan of the management of China Telecom Corporation Ltd, which, the previous week, had struck a crab in trying to float the company, in both New York and the HKSAR: There was insufficient interest from prospective investors to pick up the shares of this PRC, Government-controlled company.

The \$HK29-billion float was, it appeared, on hold, and all the Beijing kingpins and all of their little men could not put the float on the tracks, again.

In Europe, on the first day of trading, last week, positions were taken in advance of Wall Street's opening, with every major bourse, flying high:

Amsterdam's AEX	Up 3.81 percent
Germany's DAX	Up 5.14 percent
Great Britain's FTSE100	Up 3.62 percent
Italy's MIBTel	Up 3.99 percent
Paris CAC40	Up 3.51 percent
Zurich's SMI	Up 2.75 percent

The theory was, of course, what is good for the US is doubly good for us.

However, as history has taught the world, or, at least, should have taught the world, interest-rate levels, no matter how low or how high, are not the cure-alls of an economy in trouble.

And, in other Asian stock markets, this is the way that things came to a rest, last Monday night:

Indonesia	Plus 3.43 percent to 383.87
Japan	Closed
Malaysia	Closed
The Philippines	Plus 0.23 percent to 1,050.98
Singapore	Closed
South Korea	Plus 3.86 percent to 672.68
Taiwan	Plus 1.85 percent to 4,583.68
Thailand	Plus 0.31 percent to 358.80

**Tuesday**

Bets were being placed as to the outcome of the Congressional Elections and the US Federal Reserve Board's determinations in respect of short-term interest rates: The excitement caused a bit of a flurry on Wall Street, on its first day of trading, last week.

The Dow Jones Industrial Average gained only 53.96 points, or about 0.63 percent, but, on the NASDAQ, its Composite Index shot up by about 2.63 percent to 1,394.54 points.

Asia had expected Wall Street's surge at its opening, last week, and, in anticipation, those markets that had been open on Monday in the world's most-populous area had risen, some quite spectacularly (Japan, Malaysia and Singapore had been closed for holidays, however).

Tuesday, therefore, saw, for the most part, investors take stock of the situation, causing the smaller bourses of Asia to be relatively quiet, compared with Monday's activity.

Not so in Japan, however, where, on The Tokyo Stock Exchange, the Nikkei-225 Stock Average gained 251.84 yen, equivalent to 2.90 percent, rising to 8,937.56 yen.

The Tokyo Stock Exchange was the biggest gainer in Asia, last Tuesday.

Investors in The Land of The Rising Sun, no doubt, were fast to latch on to the prospects of a short-term rally, no doubt.

The ratio of gainers to losers was about 10.68:One.

As with Wall Street where, on Monday, it had been hi-tech counters that had benefitted the most, so it was on Asia's largest stock market, last Tuesday, as electronics and industrials screamed to higher levels.

Here are just some of the big movers of last Tuesday:

### **Electronics and Industrials**

Advantest	Up 11.60 percent to 4,810 yen per share
Alps Electric	Up 6.01 percent to 1,553 yen per share
Canon	Up 4.40 percent to 4,750 yen per share
Casio	Up 4.88 percent to 666 yen per share
Fanuc	Up 6.11 percent to 5,380 yen per share
Fujikura	Up 10.20 percent to 281 yen per share
Fuji Photo Film	Up 6.51 percent to 3,600 yen per share
Fujitsu	Up 5.34 percent to 414 yen per share
Hitachi	Up 5.01 percent to 503 yen per share
Konica	Up 5.11 percent to 885 yen per share

Kyocera	Up 5.26 percent to 7,610 yen per share
Mitsubishi	Up 3.74 percent to 804 yen per share
Mitsumi Electric	Up 6.44 percent to 1,173 yen per share
NEC Corporation	Up 7.21 percent to 491 yen per share
Nikon	Up 6.85 percent to 905 yen per share
Pioneer	Up 3.84 percent to 2,165 yen per share
Sanyo Electric	Up 3.67 percent to 339 yen per share
Sharp	Up 5.40 percent to 1,093 yen per share
Sony	Up 3.19 percent to 5,500 yen per share
Sumitomo Electric	Up 10.36 percent to 714 yen per share
TDK	Up 5.04 percent to 5,210 yen per share
Tokyo Electron	Up 10.04 percent to 5,480 yen per share
Toshiba Corporation	Up 7.62 percent to 325 yen per share

In the news was Mizuho Financial Group, which announced plans to cut salaries by about 10 percent and to cull its staff level by about 3,000 workers.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), things were vastly different, compared with Monday's trading day.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index shed about 0.67 percent of its value, falling back to 9,655.36 points on a Total Turnover of about \$HK5.41 billion.

The ratio of losers to gainers was 1.81:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.29 percent to \$HK87.50 per share
Hongkong Electric Holdings Ltd (Code: 6)	Up 0.63 percent to \$HK32.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 2.07percent to \$HK49.70 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.99 percent to \$HK50.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.75 percent to \$HK19.60 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 2.29 percent to \$HK53.25 per share

Hang Seng Bank Ltd (Code: 11)	Up 0.87 percent to \$HK86.50 per share
CLP Holdings Ltd (Code: 2)	Up 0.32 percent to \$HK31.50 per share
CNOOC Ltd (Code: 883)	Down 3.11 percent to \$HK9.35 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Up 1.48 percent to \$HK10.30 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Buildmore International Ltd	108		14.29	0.30
Cheung Tai Hong Holdings Ltd	199		10.53	0.034
China Treasure (Greater China) Investments Ltd	810	18.57		0.415
CIL Holdings Ltd	479		10.00	0.018
Dan Form Holdings Company Ltd	271		14.58	0.164
Digital World Holdings Ltd	109	12.82		0.22
Credit Card DNA Security System (Holdings) Ltd	1051		11.36	0.039
Ezcom Holdings Ltd	312		16.22	0.062
First Natural Foods Holdings Ltd	1076		12.50	0.245
Fulbond Holdings Ltd	1041	12.00		0.028
G-Prop Holdings Ltd	286	10.00		0.011
Guangdong Tannery Ltd	1058	10.20		0.27
Luen Tai Group Ltd	346	15.79		1.10
Magician Industries (Holdings) Ltd	526		20.00	0.08
Mansion Holdings Ltd	547		12.50	0.021
Mascotte Holdings Ltd	136		20.00	0.30
Neo-Tech Global Ltd	563	10.64		0.052
New World CyberBase Ltd	276		15.79	0.016
Omnitech Group Ltd	94	111.76		0.019
Soundwill Holdings Ltd	878	14.29		0.032
South China Brokerage Company Ltd	619	11.11		0.04
Star East Holdings Ltd	198	11.11		0.02
Swank International Manufacturing Company Ltd	663	20.00		0.06
Wealthmark International (Holdings) Ltd	39	10.00		0.66
Wo Kee Hong (Holdings) Ltd	720		23.08	0.06
Wonson International Holdings Ltd	651	18.92		0.044

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – as with the Main Board, it went into reverse, giving up about 0.62 percent of the gains of Monday.

The Total Turnover remained low, at about \$HK97.89 million, with declining issues, outpacing advancing ones by the ratio of about 2.63:One.

Aside from some special situations, share prices stayed within fairly defined narrow ranges, generally.

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Arcontech Corporation	8097		18.03	0.20
Changmao Biochemical Engineering Company Ltd	8208	18.18		0.52

Creative Energy Solutions Holdings Ltd	8109	15.63		0.222
Lee's Pharmaceutical Holdings Ltd	8221		11.11	0.40
LOULAN Holdings Ltd	8039		10.00	0.36
M Channel Corporation Ltd	8036		16.13	0.026
Panda-Recruit Ltd	8073		46.15	0.014

This is the way that other Asian markets saw the situation, last Tuesday night:

Indonesia	Minus 2.33 percent to 374.914
Japan	Plus 2.90 percent to 8,937.56
Malaysia	Minus 0.52 percent to 653.94
The Philippines	Minus 0.82 percent to 1,042.31
Singapore	Plus 0.45 percent to 1,434.04
South Korea	Minus 1.16 percent to 664.90
Taiwan	Minus 0.38 percent to 4,566.1
Thailand	Minus 0.84 percent to 355.77

### **Wednesday**

Wall Street was on hold, last Tuesday, awaiting the determination of the US Federal Reserve Board with regard to the direction of short-term interest rates.

The Dow Jones Industrial Average, the key, blue-chip index of Big Board of The New York Stock Exchange, rose 106.67 points, equivalent to about 1.24 percent, rising to 8,678.27 points.

On the NASDAQ, however, its Composite Index added 4.63 points, or about 0.33 percent, falling to 1,401.17 points.

As the saying goes: What goes up must come down.

It was clear, by early Tuesday, that US President George W. Bush had helped the Republicans – his political party – win the day in the mid-term elections.

This meant, in simple terms, that President Bush's power base had been strengthened, even more.

Iraq was, of course, the next consideration for the US Administration because, with a mandate from Congress and with control of the Senate, the US President could send in the troops with relative ease should President Saddam Hussein of Iraq not play the game, according to the rules of the United Nations in respect of his stockpile of weapons of mass destruction.

In Asia, while it was well expected that the Fed would cut interest rates by at least one quarter of one percent, as the saying goes, until the fat lady sings, the show is not over.

As a result, most of Asia's stock markets were relatively quiet.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was a great deal of hype about this and that, but there was little of any note and substance, taking place.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained 1.23 percent, rising to 9,773.98 points on an increased Total Turnover, which registered about \$HK6.78 billion by the time that the closing bell rang.

However, the ratio of gainers to losers was tight, at about 1.21:One.

It was in the Finance Sector of the market that the real action was taking place, with the Finance Sectorial Index, gaining about 1.44 percent.

Trading in the shares of HSBC Holdings plc (Code: 5) was responsible for nearly 30 percent of the entire volume of activity of the day, at about \$HK2.01 billion.

HSBC Holdings was one of the brightest stars of the Ten Most Actives:

HSBC Holdings plc (Code: 5)	Up 2.00 percent to \$HK89.25 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.00 percent to \$HK50.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.26 percent to \$HK19.55 per share
Henderson Land Development Company Ltd (Code: 12)	Up 1.79 percent to \$HK25.55 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.60 percent to \$HK50.00 per share
Henderson Investment Ltd (Code: 97)	Up 21.85 percent to \$HK7.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK53.25 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Up 2.43 percent to \$HK10.55 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.29 percent to \$HK86.75 per share
CLP Holdings Ltd (Code: 2)	Up 0.32 percent to \$HK31.60 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Boto International Holdings Ltd	585		13.51	0.032
Cheung Tai Hong Holdings Ltd	199		14.71	0.029
China Motion Telecom International Ltd	989	16.07		0.325
China Sci-Tech Holdings Ltd	985		13.51	0.032
China Treasure (Greater China) Investments Ltd	810	12.05		0.465
Dickson Group Holdings Ltd	313		36.90	0.053
Gay Giano International Group Ltd	686	17.53		0.114
Henderson Investment Ltd	97	21.85		7.25
HSBC China Fund Ltd, The	504	23.72		1.93
Joyce Boutique Holdings Ltd	647	14.63		0.094
Kwong Sang Hong International Ltd, The	189	14.29		0.184
Lai Sun Development Company Ltd	488		10.00	0.063
Massive Resources International Corporation Ltd	70		13.51	0.032
Nam Fong International Holdings Ltd	1176		13.79	0.025
QUAM Ltd	952		10.00	0.45
Rockapetta Holdings Ltd	1003		12.28	0.20
Sen Hong Resources Holdings Ltd	76		11.11	0.88



Shun Ho Resources Holdings Ltd	253	10.00		0.099
Sino Prosper Holdings Ltd	766	12.96		0.305
TechCap Holdings Ltd	673	16.88		0.90
U-Cyber Technology Holdings Ltd	91	11.43		0.39
Van Shung Chong Holdings Ltd	1001	27.42		0.79
Winsan (China) Investment Group Company Ltd	85		21.15	0.041
Wo Kee Hong (Holdings) Ltd	720	13.33		0.068

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, however, things were not all beer and skittles.

The Growth Enterprise Index lost 0.72 percent of its value, falling to 111.64 points.

The Total Turnover dropped back to about \$HK68.49 million, with trading in the shares of tom.com Ltd (Code: 8001) and CK Life Sciences International (Holdings) Incorporated (Code: 8222), being responsible for about \$HK31.88 million of the entire volume of activity, equivalent to about 46.55 percent.

The share price of tom.com dropped by about 2.05 percent to \$HK1.91 after about 13.79 million shares changed hands.

CK Life Sciences gave up 2.10 percent of its market capitalisation as its share price was felled to \$HK1.40.

tom.com Ltd brought out its Third Quarter Report, which showed that the company had lost another \$HK168.64 million for the 9-month period, ended September 30, 2002.

In the like 2001 period, this Li Ka Shing company had lost about \$HK225.06 million.

The ratio of GEM losers to GEM gainers was about 1.30:One.

The 3 biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Panda-Recruit Ltd	8073	14.29		0.016
Riverhill Holdings Ltd	8127	10.09		0.12
Thiz Technology Group Ltd	8119		12.70	0.055

In Japan, things were little changed from Tuesday on the country's 3 stock markets, with the premier bourse, The Tokyo Stock Exchange, seeing its Nikkei-225 Stock Average gain just 15.73 yen, equivalent to about 0.18 percent, as it bumped its way back to 8,953.29 yen.

The ratio of losers to gainers was about 1.07:One.

News wise:

**Takeda Chemical Industries Ltd** announced that its Group Net Profits had risen by about 2.20 percent, Year-on-Year, for the first half of the Financial Year, hitting 133.67 billion yen.

**Yamanouchi Pharmaceutical Company** said that its Group Net Profit for the first half of its Financial Year was 28.97 billion yen, up by about 5.10 percent, compared with the 2001 like period.

**Eisai Company** announced that, for the first 6 months of this Year, to September 30, 2002, it had recorded an 11.50-percent gain in its Group Net Profits on the 2001 comparable half, to 22.25 billion yen.

**Mitsubishi Pharma Corporation** said that its Group Net Profits were 4.54 billion yen for its half Year, ended September 30, 2002, representing an increase of about 46.10 percent, Year-on-Year.

**Shiseido Company**, Japan's largest cosmetics manufacturer, said that its fortunes had swung back into the black. Management reported a Group Net Profit of about 93.87 billion yen for the April-September period. In the comparable 2001 period, Shiseido had recorded a loss of about 1.48 billion yen.

**Oriental Land Company**, the operator of Tokyo Disneyland and Tokyo DisneySea, said that its Group Net Profits for the first half of its Financial Year, ended September 30, 2002, was 9.19 billion, up 386.60 percent, Year-on-Year.

**Japan Tobacco Incorporated** announced its Fiscal-Half Group Net Profits at 52.06 billion yen, an increase of about 46.10 percent on the like period in 2001.

In other Asian bourses, this was how they fared, last Wednesday:

Indonesia	Minus 1.47 percent to 369.40
Japan	Plus 0.18 percent to 8,953.29
Malaysia	Plus 0.72 percent to 658.65
The Philippines	Plus 1.74 percent to 1,060.44
Singapore	Plus 0.95 percent to 1,447.74
South Korea	Plus 2.66 percent to 682.56
Taiwan	Plus 3.49 percent to 4,725.34
Thailand	Minus 0.55 percent to 353.80

### **Thursday**

The world had waited ... and the world had received.

Dr Alan Greenspan, the Chairman of the US Federal Reserve, and his merry men decided to cut the Discount Rate by 50 basis points to 1.25 percent, a new, 41-year low.

The US central bank's Federal Open Market Committee, also, voted unanimously on the level of the Federal Funds Rate, which is the overnight rate for inter-bank transactions, which was cut to 0.75 percent.

The Federal Funds Rate, actually, could be considered emergency overnight lending rates.

The US Fed's determinations meant, in essence, that the US economy is very shaky and that the Administration felt that it had to do something.

Whether or not that *'something'* would do the trick, however, remains to be seen because Japan, with its zero-percent interest rate, has learned that the interest-rate *'weapon'* is not, always, that which it is cracked up to be.

Wall Street, initially, took the Fed's news as being bullish and, as a direct result, investors dived in, in a buying spree.

By the close of trading on The New York Stock Exchange, the Big Board's Dow Jones Industrial Average had gained 92.74 points, equivalent to about 1.07 percent, rising to 8,771.01 points.

On the NASDAQ, the Composite Index went along for the ride, gaining 17.82 points, or about 1.27 percent, ending the day at 1,418.99 points.

The penny for Wall Street, clearly, had not dropped, last Wednesday.

It would drop, and, when it did, pity the poor investors who purchased stocks and shares, blindly, as impulse buys!

While stockbrokers were trying to fan the flames of investors, urging them to buy more stocks and shares, in Las Vegas, Nevada, National Airlines shut down its entire operation, admitting that it had run out of money.

The end of yet another US airline.

In Asia, the determination of the US Federal Reserve Board with regard to short-term interest rates was greeted with caution as local banks cut their interest rates by one quarter of a percentage point: The Prime Rate fell to 5 percent.

Trading on most Asian stock markets was subdued, however.

On European bourses, there was little joy about the US Fed's move:

Amsterdam's AEX	Down 3.75 percent
Germany's DAX	Down 4.34 percent
Great Britain's FTSE100	Down 0.55 percent
Italy's MIBTel	Down 2.52 percent
Paris CAC40	Down 3.15 percent
Zurich's SMI	Down 2.18 percent

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gained 0.72 percent, rising to 9,844.38 points on a Total Turnover of about \$HK6.16 billion.

The ratio of gaining counters to losing ones was about 1.41:One.

Ironically, only the Finance Sector of the market was off as its Sectorial Index was shaved by 0.58 percent.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.56 percent to \$HK88.75 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.49 percent to \$HK51.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.53 percent to \$HK19.85 per share
CLP Holdings Ltd (Code: 2)	Up 0.95 percent to \$HK31.90 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.50 percent to \$HK50.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.88 percent to \$HK54.25 per share
Henderson Investment Ltd (Code: 97)	Up 0.69 percent to \$HK7.30 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Up 2.37 percent to \$HK10.80 per share
Hongkong Electric Holdings Ltd (Code: 6)	Down 1.55 percent to \$HK31.70 per share
Hang Seng Bank Ltd (Code: 11)	Down 1.15 percent to \$HK85.75 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959	15.87		0.073
Cheung Tai Hong Holdings Ltd	199		13.79	0.025
Chi Cheung Investment Company Ltd	112	11.63		0.048
China Fair Land Holdings Ltd	169	15.38		0.30
China Motion Telecom International Ltd	989		10.77	0.29
Chinese Estates Holdings Ltd	127	12.12		1.11
Cosmos Machinery Enterprises Ltd	118	10.00		0.22
Credit Card DNA Security System (Holdings) Ltd	1051	10.00		0.044
Earnest Investments Holdings Ltd	339		16.67	0.02
Emperor (China Concept) Investment Ltd	296	13.90		0.213
Ezcom Holdings Ltd	312	13.33		0.068
First Natural Foods Holdings Ltd	1076	12.24		0.275
Friedmann Pacific Greater China Investments Ltd	1226	12.17		1.29
Fu Cheong International Holdings Ltd	916		19.30	0.046
Hongkong Building and Loan Agency Ltd, The	145	38.82		0.59
Le Saunda Holdings Ltd	738		10.29	0.305
Linmark Group Ltd	915	11.88		1.79
Mansion Holdings Ltd	547	10.00		0.022
Mascotte Holdings Ltd	136		25.00	0.21
Playmates Holdings Ltd	635	10.95		0.233
renren Holdings Ltd	59	23.68		0.047
Shang Hua Holdings Ltd	371		32.69	0.07
South China Brokerage Company Ltd	619		10.81	0.033
Takson Holdings Ltd	918		13.33	0.26
TechCap Holdings Ltd	673	11.11		1.00
Tomorrow International Holdings Ltd	760	13.11		0.069
Winsan (China) Investment Group Company Ltd	85	21.95		0.05
Yau Lee Holdings Ltd	406	12.90		0.175

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it was reported that more investment banks were sacking staff: BNP Paribas culled some of its local people in a cost-cutting exercise.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, while the lone index, The Growth Enterprise Index, gained about 1.04 percent, rising to 112.80 points, the ratio of gainers to losers was very tight, at about 1.03:One.

The Total Turnover was about \$HK92.67 million.

Trading in the shares of Mr Li Ka Shing's tom.com Ltd (Code: 8001) represented about \$HK40.67 million, about 44 percent of the entire volume of activity for the day.

The share price of tom.com ended the session up 1.57 percent to \$HK1.94 in spite of another massive, third-quarter loss. (Please see Wednesday's report)

The biggest GEM movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
AKuP International Holdings Ltd	8179		11.11	0.24
E-silkroad Holdings Ltd	8071	66.67		0.04
Golden Meditech Company Ltd	8180	10.34		1.28
Kinetana International Biotech Pharma Ltd	8031	12.24		0.11
M Channel Corporation Ltd	8036	60.00		0.04
Media Partners International Holdings Incorporated	8072		11.11	0.20
Qianlong Technology International Holdings Ltd	8015	10.00		0.33
Riverhill Holdings Ltd	8127	12.50		0.135

On Asia's largest stock market, The Tokyo Stock Exchange, traders were, clearly, cautious: There was just too much negative news.

The key index of The Tokyo Stock Exchange, the Nikkei-225 Stock Average, fell by about 0.37 percent, ending the session at 8,920.44 yen.

Trading was sluggish for the most part, with advancing counters, outrunning declining counters by the ratio of about 1.07:One.

In the news, powerhouse cellular telephone company, NTT DoCoMo Incorporated, said that its Group Net Profits for the first half of the year had fallen, Year-on-Year, by about 95.30 percent to 4.17 billion yen.

Losses in overseas investments had calved a thick slice out of the company's balance sheet and profit and loss account.

NTT DoCoMo said that it took a 'bath' to the extent of 307.80 billion yen in respect of realised losses in 3 overseas telecommunications companies, in which it had made sizeable investments.

They are:

<u>Name of Company</u>	<u>Realised Loss</u>
AT&T Wireless Service Incorporated	167.60 billion yen
KPN Mobile N.V.	67.90 billion yen
Hutchison 3G U.K. Holdings Ltd	72.20 billion yen

In other news from The Land of The Rising Sun:

**Sky Perfect Communications Incorporated**, an operator of the satellite broadcaster, Sky PerfecTV, said that its Group Net Loss in the first half of its Financial Year had been 4 times greater than the Net Loss for the comparable period in 2001. For the period, ended September 30, 2002, the company reported a Net Loss of about 18.59 billion yen.

**Towa Real Estate Development Company** announced that it was seeking about 230 billion yen in cash in order to stay afloat.

**Teijin Ltd**, a textile and clothing company, reported a Group Net Loss of 1.08 billion yen for the first half of its Financial Year, to September 30, 2002. Those results contrasted markedly with a Net Profit of 7.20 billion yen for the like 2001 period.

**Daiichi Pharmaceutical Company** reported a 20.50-percent fall in its earnings for the first half, to September 30, 2002, to 13.50 billion yen.

In other Asian markets, this is the way that they saw the situation, last Thursday night:

Indonesia	Minus 0.01 percent to 369.38
Japan	Minus 0.37 percent to 8,920.44
Malaysia	Minus 0.44 percent to 655.76
The Philippines	Plus 2.18 percent to 1,083.60
Singapore	Minus 1.48 percent to 1,426.36
South Korea	Minus 0.19 percent to 681.27
Taiwan	Plus 0.69 percent to 4,757.98
Thailand	Plus 1.03 percent to 357.46

### **Friday**

Well, the penny did drop on Wall Street, last Thursday.

And down came stock and share prices.

On The New York Stock Exchange, the Dow Jones Industrial Average surrendered 184.77 points, equivalent to about 2.11 percent, dropping back to 8,586.24 points.

As for the NASDAQ, its Composite Index gave up 42.28 points, or about 2.98 percent, dropping to 1,376.71 points.

The determination of the US Federal Reserve Board of the previous day was taking its toll, to be sure.

US investors had been made to realise that things were not all good in The Land of The Free and The Home of The Brave.

Europe followed Wall Street:

Amsterdam's AEX	Down 1.78 percent
Germany's DAX	Down 2.22 percent
Great Britain's FTSE100	Down 1.14 percent
Italy's MIBTel	Down 0.78 percent
Paris CAC40	Down 1.72 percent
Zurich's SMI	Down 0.85 percent

In Asia, most major bourses saw their indices drop in short order.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was more attention, being paid to what was happening in Beijing, at the 16<sup>th</sup> Congress of the Chinese Communist Party, than on trading on the territory's 2 equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost three quarters of a percentage point, ending the week at 9,770.68 points.

The Total Turnover was about \$HK5.91 billion, with losers, outpacing gainers by the ratio of about 1.23:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.56 percent to \$HK88.25 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.46 percent to \$HK50.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.26 percent to \$HK19.60 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.99 percent to \$HK50.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.92 percent to \$HK53.75 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.58 percent to \$HK85.25 per share
China Unicom Ltd (Code: 762)	Up 1.387 percent to \$HK5.45 per share
Hongkong Electric Holdings Ltd (Code: 6)	Down 1.26 percent to \$HK31.30 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Down 3.24 percent to \$HK10.45 per share
CNOOC Ltd (Code: 883)	Up 1.52 percent to \$HK10.05 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139	10.00		0.011
A-Max Holdings Ltd	959		13.70	0.063
AV Concept Holdings Ltd	595	15.22		0.265
Boto International Holdings Ltd	585	12.50		0.036
Celestial Asia Securities Holdings Ltd	1049		10.64	0.42
Chi Cheung Investment Company Ltd	112		10.42	0.043
China Elegance International Fashion Ltd	476	10.00		0.011
China Rich Holdings Ltd	1191	11.27		0.079
China Sci-Tech Holdings Ltd	985		11.76	0.03
Dong Fang Gas Holdings Ltd	432	10.00		0.011
e-New Media Company Ltd	128	14.47		0.174
Fortuna International Holdings Ltd	530	18.18		0.013
Fu Cheong International Holdings Ltd	916		17.39	0.038
MUI Hongkong Ltd	542		10.77	0.058
New Century Group Hongkong Ltd	2987		12.50	0.035
New World CyberBase Ltd	276		11.11	0.016
Quality HealthCare Asia Ltd	593	10.76		0.175
QUAM Ltd	952		13.95	0.37
S.A.S. Dragon Holdings Ltd	1184		12.96	0.47
Sun East Technology (Holdings) Ltd	365		10.26	0.70
Swank International Manufacturing Company Ltd	663		38.33	0.037

For the week, the Hang Seng Index had gained 363 points, equivalent to about 3.86 percent.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Growth Enterprise Market hardly moved, during the entire trading session.

By the close of the week, The Growth Enterprise Index stood at 112.92 points, a one-day gain of about 0.11 points.

The Total Turnover was about \$HK74.85 million with gainers, outrunning losers by the ratio of about 1.15:One.

The biggest movers on this speculative market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Creative Energy Solutions Holdings Ltd	8109	20.00		0.30
GreaterChina Technology Group Ltd	8032	12.00		0.28
Riverhill Holdings Ltd	8127	11.11		0.15
Systek Information Technology (Holdings) Ltd	8103	11.43		0.039

For the week, therefore, The Growth Enterprise Index had gained 1.99 percent.

In Japan, what had transpired on US equity markets cascaded down to The Land of The Rising Sun.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average gave up 2.57 percent of its value, falling to 8,690.77 yen in a day that was marked by major falls in stock prices.

Losers outpaced gainers by the ratio of 4.10:One.

KDDI Corporation, the country's second-largest telecommunications carrier, announced that its Group Net Profits for the first half, to September 30, 2002, were up 205.40 percent, Year-on-Year, to 20.45 billion yen.

But it was one of the very few promising statements of the day and, even so, the announcement did not help KDDI's share price (Please see table, below).

Sega Corporation, a major video-game manufacturer, said that its full year's Net Profit would, most likely, come in at 72 percent less than had, hitherto, been estimated.

That put the skids under Sega's share price, which slipped 16 percent.

NTT DoCoMo Incorporated had a very bad day – Please see Thursday's report – as investors knocked back its share price to 227,000 yen, a one-day fall of about 5.81 percent.

Electronics, industrials and finance counters suffered, terribly, on the last day of trading for the week:

Banks, Finance Houses, Securities Companies

Aeon	Down 2.33 percent to 2,930 yen per share
Chiba Bank	Down 2.56 percent to 380 yen per share
Daiwa Securities Group	Down 8.03 percent to 527 yen per share
Mitsui Trust Holdings	Down 4.07 percent to 212 yen per share
Mizuho Holdings	Down 7.65 percent to 169,000 yen per share
Nikko Cordial	Down 5.59 percent to 456 yen per share



Nomura Holdings	Down 2.11 percent to 1,392 yen per share
Sumitomo Trust and Bank	Down 2.84 percent to 513 yen per share
UFJ Holdings	Down 8.72 percent to 157,000 yen per share

#### Electronics and Industrials

Advantest	Down 4.31 percent to 4,890 yen per share
Casio	Down 3.30 percent to 675 yen per share
Clarion	Down 5.00 percent to 57 yen per share
Fanuc	Down 5.05 percent to 5,080 yen per share
Fuji Electric	Down 2.10 percent to 233 yen per share
Fujitsu	Down 1.97 percent to 399 yen per share
Furukawa Electric	Down 4.86 percent to 235 yen per share
Hitachi	Down 3.46 percent to 475 yen per share
KDDI	Down 3.88 percent to 347,000 yen per share
Kyocera	Down 4.12 percent to 7,450 yen per share
Mitsubishi Electric	Down 4.43 percent to 302 yen per share
NEC	Down 3.16 percent to 460 yen per share
Nikon	Down 5.93 percent to 825 yen per share
Oki Electric	Down 8.12 percent to 181 yen per share
Pioneer	Down 4.02 percent to 2,150 yen per share
Sanyo Electric	Down 4.99 percent to 324 yen per share
Sharp Corporation	Down 3.16 percent to 1,103 yen per share
Sony Corporation	Down 2.44 percent to 5,190 yen per share
TDK Corporation	Down 5.22 percent to 4,900 yen per share
Tokyo Electron	Down 3.46 percent to 5,300 yen per share

And that was, just about, how things came to a halt on Asia's largest bourse, last Friday.

The Nikkei-225 Stock Average had recorded a gain for the 4-day week of just 5.05 yen, or about 0.06 percent.

And, in other Asian markets, this was how the situation came to a head, last Friday night:

Indonesia	Minus 0.99 percent to 365.70
Japan	Minus 2.57 percent to 8,690.77
Malaysia	Plus 0.14 percent to 656.68
The Philippines	Minus 0.87 percent to 1,074.12
Singapore	Minus 0.03 percent to 1,425.91
South Korea	Minus 0.94 percent to 674.85
Taiwan	Plus 1.11 percent to 4,811.01
Thailand	Minus 0.69 percent to 355.00

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